TO: Sheila Hogan, Director
Department of Administration

Ron Baldwin, State Chief Information Officer
Department of Administration

FROM: Information Technology Board

Senator Edward Buttrey	Jim Reno, Yellowstone County
Representative David Moore	Jennie Stapp, State Librarian
Pam Bucy, Director DLI	John Tubbs, Director DNRC
Scott Darkenwald, Chief of Staff DOJ	Beth McLaughlin, Court Administrator
Mike Kadas, Director DOR	Tyler Trevor, Montana University System
Richard Opper, Director DPHHS	Susan Fox, Executive Director LFS
Dan Villa, Budget Director	Julia Dilly Assistant Superintendent

DATE: September 25, 2014

RE: ITB Common Observations and Comments
Montana Information Technology Expenditures

At the Information Technology Board meeting on Sept. 4, State CIO Ron Baldwin presented a report detailing Montana Information Technology Expenditures. In board discussion following his presentation, board members agreed that their comments should be combined into a document that they could share with the Legislative Finance Committee when State CIO provides a similar presentation on Sept. 25 and 26. Collectively, ITB board members want to express the following concerns about the report:

- While the collection of the IT expenditure data, specifically IT costs and FTE data from SABHRS and other state systems, used to support the fundamental conclusions in this report was a time-consuming and detailed task, it must be noted that these systems do not require state agencies to report IT expenditures in a consistent manner. An IT expenditure recorded in SABHRS in one agency, for example, may not be coded similarly in another agency. In addition, positions with IT classifications were pulled and rates annualized which would not take into consideration vacancies nor would it consider misclassifications. Further, a clear definition of IT expenditures needs to be communicated and scope needs to be defined, i.e. are spending for IT that supports state operations and services and/or IT spending that occur as direct services to constituents. Examples of expenditures reported for direct IT services include those managed by the Montana State Library to administer an integrated library system for 160+ libraries around the state and expenditure of grant funds to purchase hardware, software, and networking equipment for public libraries. While these concerns are noted in the report to a small degree, board members felt compelled to suggest that any further consideration of this topic include a thorough investigation by a Legislative Fiscal Division analyst, and include direct conversations with agency staff to ensure that supporting data is accurate and consistent.

- The comparison of peer to peer states needs to be thoroughly analyzed. Montana's large geographic size requires the development of extensive network infrastructure. In addition, the state's terrain makes it difficult to connect rural cities, counties and state offices. Delaware, a peer state noted in the report, is a very small, urban state with easy access to high speed internet. Additionally, Delaware has three counties whereas Montana has 56.   North Dakota, another peer state identified, has a single statewide network that is supported by a single carrier, which may lower costs. While the peer states identified in the report appear to have similar services, there may be outlying services (such as serving K-12 schools or operating data centers) that significantly impact peer states' IT expenditures and are not accurately noted in this report.
- In future discussion about Montana's IT expenditures, more emphasis needs to be placed on *quality* of IT services and *satisfaction* of customers in relation to IT expenditures. While the Digital States Survey provides some comparison of technology practices (state by state), it does not address efficiency or effectiveness of IT expenditures and services as measured by state citizens or state employees. It also fails to measure IT collaboration and innovation, which need to be present in any successful state enterprise.

The ITB commends the State Information Technology Services Division (SITSD) staff for its work on this report. Because Montana does not have a systematic structure for recording IT expenditures, SITSD staff did its best to accurately collect data from available budgetary systems and tools. The ITB recommends that further analysis include direct collaboration with all agencies and that careful detail be used in the collection of supporting data.